

August 6, 2006

Hour of Decision, Report on City Hall wrongdoing finally at hand

U-T Editorial Response

By Michael Aguirre, San Diego City Attorney

When it comes to the millions of dollars the City has wasted on Arthur Levitt and the report by his company, Kroll Inc., the Union-Tribune (U-T) is no Watch Dog. Rather, the U-T has become a Kroll/Levitt advocate.

In Sunday's editorial, the U-T packaged and presented the Kroll/Levitt investigative report before it happened. We are told by the U-T how long the report is, the sections into which it is divided, and that the City Attorney and City Council should not ask questions about anything that Mr. Levitt does not want to answer.

Kroll/Levitt was hired in February 2005 to be the San Diego City Audit Committee that was investigating the City's financial and pension crisis so that KPMG could finalize the City's 2003 audit. Oddly, the U-T refuses to explore the question of whether or not KPMG's demand that the City pay Kroll/Levitt and his friends \$20 million had more to do with running up the bill than a legitimate interest in Levitt's work.

Kroll's law firm, Willkie Farr, acted as legal counsel for KPMG when it was charged with the largest tax shelter fraud case in American history. Several KPMG partners were convicted of felony crimes. At the time, Levitt was quoted in the *Wall Street Journal* urging KPMG's clients to stay with KPMG. Shortly thereafter, KPMG sent a letter telling the City Council to do whatever Levitt wanted done no matter the cost. Was KPMG doing a favor for its former legal counsel by going along with the \$20 million scam?

Two weeks ago the U-T editorial pages expressed outrage over billing of the City's Water and Wastewater enterprise funds by lawyers in the City Attorney's office. It was right. That case involved thousands of dollars. Kroll/Levitt's over billing involves millions of dollars. Where is the U-T Watchdog here?

After today's 8 a.m. report to the Mayor, City Attorney and City Council, all of the other media in San Diego get shut out from questioning Mr. Levitt. The U-T, however, will get an exclusive "members only" visit by Mr. Levitt and his crew scheduled for 11 a.m. Tuesday.

The Union-Tribune has become a part of the Kroll/Levitt story. It has lost its objectivity. It should not compound its failings by attacking the City Attorney for carrying out his duty to ask the questions the people of San Diego want Levitt & Co. to answer.